## Message Text

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**ACTION IO-13** 

INFO OCT-01 ARA-06 EUR-12 NEA-10 ISO-00 IOE-00 ACDA-07

CIAE-00 INR-07 L-03 NSAE-00 NSC-05 EB-07 NRC-05

OES-06 FEAE-00 DODE-00 PA-01 PRS-01 USIA-06 /090 W

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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 4210

INFO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY NEW DELHI PRIORITY

USMISSION IAEA VIENNA PRIORITY

ERDA WASHDC PRIORITY

ERDA GERMANTOWN PRIORITY

CONFIDENTIAL RIO DE JANEIRO 3673

DEPT PASS IO/SCT

FROM USDEL IAEA

EO 11652: GDS

TAGS: IAEA, AORG, OCON

SUBJ: IAEA 20TH GENERAL CONFERENCE: RAPP SAFEGUARDS AND HEAVY WATER

1. SUMMARY: US REPS HAVE DISCUSSED WITH CANADIANS, SOVIETS, AND IAEA SECRETARIAT QUESTIONS RELATED TO END OF FIVE-YEAR INITIAL TERM OF SAFEGUARDS AGREEMENT FOR RAJASTHAN REACTORS (RAPP I AND II). CANADA AND IAEA HAVE ACCEPTED US SUGGESTION THAT IAEA SHOULD BEFORE SEPT 30 COMMUNICATE TO INDIA AND CANADA ASSUMPTION THAT SAFEGUARDS WILL CONTINUE UNTIL NEW ARRANGEMENT WORKED OUT. SOVIETS APPARENTLY WILL TAKE HELPFUL POSITION OF NOT ACCEPTING SUBSTITUTION ARRANGEMENTS FOR HEAVY WATER TO BE SUPPLIED BY THEM. ND SUMMARY

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2. US REPS (KRATZER, SIEVERING, BORIGHT) MET WITH CANADIANS (BEESLEY, MCMANUS) TO DISCUSS QUESTION OF CONTINUING SAFEGUARDS

ON RAPP REACTORS. CANADIAN THINKING HAD BEEN THAT AFTER END OF FIRST FIVE YEAR TERM OF CANADA/INDIA/IAEA TRILATERAL, (I.E. AFTER SEPT 30, 1976) WHEN ARTICLE II.C. WOULD NO LONGER APPLY, DG EKLUND SHOULD INFORM BOARD THAT SAFEGUARDS PROVISIONS ARE NOT ADEQUATE, AND ASK FOR GUIDANCE FROM BOARD. US REPS STATED STRONG PREFERENCE THAT AGENCY NOT LET SEPT 30 PASS WITHOUT SOME COMMUNICATION TO OTHER PARTIES (CANADA AND INDIA); FURTHER, US BELIEVED AGENCY SHOULD TAKE POSITION THAT ARTICLE II.B. (REMOVAL OF OR SUBSTITUTION FOR HEAVY WATER) HAS NOT BEEN IMPLEMENTED, AND THEREFORE UNTIL PARTIES HAD WORKED OUT SUITABLE ARRANGEMENT PROVISIONS APPLICABLE IN FIRST FIVE-YEAR PERIOD SHOULD CONTINUE TO APPLY. AFTER SOME DISCUSSION, CANADA ACCEPTED US PREFERRED COURSE OF ACTION FOR AGENCY.

3. IN LENGTHY SESSION WITH AGENCY (FISCHER, ROMETSCH, RAINER, SANDERS) AND CANADIANS, US REPS REITERATED US SUGGESTION OUTLINED IN PARA 2 AND DISCUSSED POSSIBLE INTERPRETATIONS OF AGREEMENT AND POSITIONS OF PARTIES. ALSO DISCUSSED WAS FORTHCOMING SOVIET HEAVY WATER SUPPLY TO INDIA. INDIA HAS SENT LETTER TO AGENCY ASKING FOR DISCUSSION OF SAFEGUARDS AGREEMENT FOR RAPP II THAT CONNECTION. ONE POSSIBLE APPROACH DISCUSSED WOULD BE BASED UPON TECHNICAL POSITION BY IAEA THAT SAFEGUARDS ON RAPP I AND II ARE INSEPARABLE, AND THEREFORE SAFEGUARDS AGREED FOR RAPP II (IN WHICH SOVIET-SUPPLIED HEAVY WATER IS TO BE USED) WOULD APPLY TO BOTH REACTORS. ALTERNATIVELY, SOVIETS MIGHT SIMPLY INSIST THAT BOTH RAPP REACTORS BE COVERED BY NEW SAFEGUARDS AGREEMENT, BOTH KRATZER AND ROMETSCH FELT WE SHOULD NOT COUNT ON SOVIETS TAKING LATTER POSITION. RE TECHNICAL CASE FOR LINKING RAPP I AND II SAFEGUARDS, MCMANUS POINTED OUT THAT: JOINT SPENT FUEL BAY IS USED; MUCH EQUIPMENT SUCH AS HEADS OF FUELING MACHINES CAN BE INTERCHANGED: AND JOINT HEAVY WATER UPGRADING SYSTEM IS USED, IN WHICH PERHAPS 10 PERCENT PER YEAR OF HEAVY WATER FROM THE TWO REACTORS IS MIXED. IN VIEW OF MIXING OF HEAVY WATER, AND INEVITABLE RETURN OF SOME RAPP II HEAVY WATER TO RAPP I, ONLY WAY TO AVOID EXTENSION OF RAPP II SAFEGUARDS TO RAPP I WOULD SEEM TO BE ACCEPTANCE SUBSTITUTION ARRANGEMENT.

4. SUBSEQUENT US-SOVIET DISCUSSION (REPORTED SEPTEL) ALSO COVERED SUPPLY OF HEAVY WATER TO INDIA. SOVIETS SAID RELATED SAFEGUARDS CONFIDENTIAL CONFIDENTIAL

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AGREEMENT WOULD BE IN FORM OF UNILATERAL SUBMISSION. (INDIA-IAEA) BUT THAT THERE WOULD BE SUPPORTING USSR-INDIA BILATERAL SUPPLY AGREEMENT. SOVIETS WERE QUITE INTERESTED IN FORM OF NO-PNE ASSURANCES ON US-INDIA TARAPUR AGREEMENT (WHICH PROBABLY INDICATES FORM OF NO-PNE ASSURANCES HAS BEEN ISSUE BETWEEN THEM AND INDIA). KRATZER OUTLINED RAPP I HEAVY WATER SITUATION, AND ASKED WHETHER SOVIETS WOULD MAINTAIN THAT IF ANY SOVIET-SUPPLIED HEAVY WATER ENTERED RAPP I IT WOULD BE COVERED (I.E., IF SOVIETS WOULD REJECT HEAVY WATER SUBSTITUTION ARRANGEMENTS). MOROKHOV REPLIED THAT IF ANY OF THEIR HEAVY WATER, NO MATTER HOW LITTLE, WERE PUT "IN

A SAMOVAR" SAFEGUARDS WOULD APPLY.

5. IN FOLLOW-UP DISCUSSION WITH SECRETARIATE, WE HAVE BEEN SHOWN DRAFT CABLE TO BE SENT BY IAEA TO CANADA AND INDIA. TEXT FOLLOWS:

QUOTE: HONOR TO REFER TO SAFEGUARDS AGREEMENT CANADA, INDIA, AGENCY OF 30 SEPT 1971. SECTION 11 (B) OF AGREEMENT FORESES
THAT HEAVY WATER WILL BE REMOVED OR SUBSTITUTED AFTER FIVE YEARS, I.E. BY 30 SEPTEMBER 1976. AGENCY HAS NOT BEEN INFORMED OF ANY ACTION IN THIS RESPECT BY THE STATES PARTIES AND THIS HAS IMPORTANT IMPLICATIONS ON AGENCY'S SAFEGUARDS RESPONSIBILITIES, IN PARTICULAR SECTIONS 11(C) AND 27 OF AGREEMENT. IN THE LIGHT OF THIS SITUATION AND SECTION 25 OF THE AGREEMENT AGENCY REQUESTS URGENTLY CONSULTATIONS WITH A VIEW TO ESTABLISHING CONDITIONS FOR EFFECTIVE AGENCY SAFEGUARDS CONSISTENT WITH CURRENT SAFEGUARDS APPROACHES. AGENCY CONSIDERS THAT, IN INTERIM ALL CONDITIONS APPLICABLE DURING INITIAL FIVE YEAR PERIOD WILL CONTINUE TO APPLY. I AM ADDRESSING THIS TELEGRAM TO BOTH STATES PARTY. UNQUOTE. DEXTER

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